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A LETTER

ON

CURRENCY MATTERS;

TO THE

PEOPLE OF THE UNITED STATES.

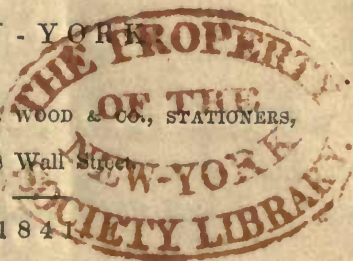
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INTRODUCTORY HINTS TO THE READER.

THE following pages are written with less intention to captivate the mind by elegant diction and arrangement, than to instruct by simple illustration. Every man has his world—"What will Mrs. Grundy say?" Every man in "his world," or circle, has in his mind's eye a Mrs. Grundy, whom he fears or desires to please; but it so happens, that one man's Mrs. Grundy is not another man's Mrs. Grundy, and hence, some, or any particular Mrs. Grundy, is not pleased or propitiated by any attempt, unless it so happens that the attempt is so guarded and protected by truth and common sense, that the most captious Mrs. Grundy can't gainsay it—it remains to be seen how many Mrs. Grundys will find ground enough to assemble a formidable opposition to the principles set forth in the following pages; that they will please, or be approved by all is not expected. The first object of the writer is not so much to instruct the instructed, as to give such hints to the uninstructed that they may not be hum-

bugged by the demagogue ; and as among navigators, after a long storm and no sunshine, there is nothing so natural and sure, as to take advantage of the first chance for accurate observation, to know where we are, so it is in politics ; a storm has been raging : pure democracy got befogged : it found itself mixed up with palaces, lobster sallad, and champaign : hard currency and no currency : new, if not selfish experiments : but no useful results : hence it paused, and took an observation and a new departure, and starts anew from the Log Cabin and Hard Cider.

This determination is soothing to the alarmed patriot, for he sees in it that the people are true to themselves ; that every honest man, however humble his station, feels his identity as a *freeman*, and determines that he is part and parcel of the body politic ; and that, although the public servant may for a season usurp the powers of a master, he will be told through the ballot-box, *who* in reality is master.

In our money matters, it seems that every contrivance has been resorted to, to bewilder, perplex, and deceive ; and so ingeniously have things been managed or mismanaged, that many, very many, have become disgusted with the very name of Banks, and Currency, and Corporations.

The following humble attempt is respectfully offered, to sift the matter a little, and see how we stand ; and if it should so happen that one mis-

guided mind be directed to an honest and reasonable, and patriotic view of the subject, or rendered capable so far of understanding the matter, as to shield him hereafter from the influence of the selfish and partizan demagogue, the Author will feel more joy over that man thus instructed, than over the ninety and nine who need no instruction. And to the latter he would simply say, that should they see instances where more could or should be said, or further illustrations adopted or extended, to bear in mind old Jabez Stiles' caution to his captain: "Never to write a letter too long to be good for nothing;" to avoid which liability, the Author has been impelled to forego the discussion of many incidental points, not the least of which is the absolute injustice and consequent danger to a people's interest, in their permitting an *Executive* power, or any other power, but their own in Congress assembled, to possess the ability of affecting the value of any thing by an exposition of an opinion so far conclusive or dogmatical, as to be in a measure the law of the land. What better source of revenue could an Executive Chief require, than the existence of that state of things in the public mind which allowed *his will* to be law; or even that will having a controlling influence over the law-making power, which would be measurably the same thing? Ask any broker in Wall street what he would be willing to give for the power of affecting the value

of any stock by the expression of his opinion or will ?

The impression that no Executive would be likely to abuse this right, is no reason why he should possess it : for, admit the rule, and there can be no necessity for any check or restraint, or defined rule of action, as pointed out by the Constitution and the Laws.

It is precisely the difference existing between a government conducted by one man's will, and a government conducted by a system of laws which have been framed by the will of the people, for their general good, and not exclusively for any particular individual : the difference, in fact, between an unlimited monarchy and a democratic republic.

TO THE

PEOPLE OF THE UNITED STATES.

THERE is a fable which describes a *congregation of birds*, called together for the purpose of fixing upon a plan of building a nest—for, up to that period, only one class of birds had a nest which was deemed a very perfect one, having a snug and tight top as well as bottom, and a convenient hole in the side. One of this class of birds offered his services to give a lesson of instruction. He first began by selecting a suitable position in a limb of the tree, and called *particular attention* to this point, as indispensable—whereupon the crow caw'd out a hoarse note, and said, "Any fool would know as much as that." The lecturer, undaunted by this uncourteous remark, next proceeds with sticks, and grass, and moistened clay—blending and fastening all together as he proceeded, and lining the inside with softer materials; but, at every step of his progress, some bird or other would chirp out a note of astonishment—"that the lecturer or instructor should suppose that such simple work required instruction, for any bird having beak and claw could do the same by intuition!" The nest being half finished, the instructor's patience forsook him, and turning to the circle about him, he said, "Really, gentlemen and ladies, I find you so

intelligent and so familiar in the art of nest-building, that it would be but a waste of labor on my part to proceed. The nest is now half made, and I leave you to finish it." And with that he flew away. And from that day to the present, the generality of birds have been compelled to content themselves with a half nest ; when, by a little patience and a little more courtesy, they might have enjoyed, and their successors after them, a good, well covered nest, and protection against all weathers.

This simple fable is introduced to apply no further than to counsel *patience* whilst we proceed in the subject before us, for it is purposed so to conduct the investigation, that perhaps, before it is even half finished, its *simplicity* may lead to a feeling of surprise, if not an exclamation, not unlike the crow's in the fable, "That any fool would know as much !" It will not escape notice, however, and the experience of many will attest the truth of the remark, that there are many things which appear so simple, that few take the trouble to investigate them, and without an investigation into, and familiarity with, their simple elements, an attempt at construction generally results in complete failure.

The subject matter to which I purpose devoting the following pages, I could readily wish was one of more novelty ; but, such as it is, I can only assert my solemn conviction, that next to that which directs and interests man's destiny hereafter, I know of nothing of deeper interest to him in this trading world, than matters of money. And that next to *sound morals*, in my judgment, stands a *sound currency*. The period seems propitious, nor can the attempt be called presumptuous, to undertake a simple discussion of this question of *currency*, when it appears that the wisest men in the world, (in other matters,) are as to this matter, completely at variance : some either knowing too much or too little regarding it, and, in the contest, leaving large

masses knowing nothing at all. We have seen one set of men carefully constructing a fabric and system which undeniably performed, even more for public good, than they dared to hope it would ; and in the midst of its success, we have seen another set of men *professing* more wisdom, as deliberately tumble it into ruin ; and now we see both sets looking on the ruin, as it were, waiting for public sentiment to pronounce which was the wise, and which the foolish. One thing is pretty evident, both parties cannot be equally wise in this matter ; the “cap and bells” most surely belongs to one of them ; but it is not my purpose here to trouble myself in adjusting this matter. I leave that to the people, who, though they may require time in deciding, are generally found unerring in their decision.

The subject of *Currency*, as usually discussed, I can easily conceive to be, to the minds of many, an almost *mysterious science*—one that but few care to master, and the many take for granted, and let it pass—it is measurably not unlike the science of steam. How many of us are dragged or paddled about the world by this extraordinary power of steam, with its valves, and pistons, and cylinders, and cranks, and cog-wheels, and yet how few of us, if called on to explain the actual use of this or that pipe, or cylinder, or pump, can give a lucid or practical explanation of them. I, at least, frankly confess that the whole combination was for years a *sealed book* to me. I knew there was hot water and cog-wheels ; but the “modus operandi” of applying the one to the other, was like Tony Lumpkin’s puzzle between the Z and the R. It was in vain to look for information from the books ; the *learned writers*, no doubt, intended to be very clear and explicit, but they seemed to forget that they were called on to instruct the uninstructed. They seemed more desirous to show to the learned and intelligent engineer, that if they did not know more than he did, they knew at least

as much ; and hence, I found myself, *from title-page to finis*, involved in and perplexed by technicalities—atmospheric pressures, vacuums, and so forth ; and it was not, in fact, till an accidental opportunity offered, under guidance of a plain-minded engineer, for examining carefully a steam engine in the progress of construction, that I at all comprehended the true character of this mighty combination of power : (I took care, however, at the time, to avoid the folly of the birds in the fable, or this steam-instructor might have left me with the knowledge of half an engine, limiting his instruction to the “cut-off.”)

Measurably so has it been with me, in regard to Banks and Currency. Here we have technicalities also, and scientific cognomens ; “contractions” and “expansions” ; “discount lines” ; “deposit lines” ; “suspensions” ; “resumptions” ; “circulation” ; “liabilities” ; “elastic debt” ; “dead debt” ; “coin” ; “currency” ; “safety-fund” ; and so forth. Now, what comes nearer to Hebrew, than these, to a large number of fellow-citizens, who have nothing more to do with banks than taking their bills in payment of debt, and passing them round from hand to hand as money : they hope they are good and reliable, just as they hope a steamboat or railroad cars and locomotive are ; they hope neither will *blow up*, so long as they are passengers at least, but go on safely. Thus far, they feel it incumbent on those who manage to look to these matters, and if trouble comes, to see the cause explained ; and if error exists in the system, to have it corrected, if in the management to correct that—even to the punishment of fraud or neglect, should such be proved to exist. It is important, however, that they themselves should at least know enough about the character of the machine and its management, that they may understand where the error may be traced ; and it is with this view that I purpose to sketch, in as simple a way as possible, my notions in re-

gard to Banks, Banking, and Currency; and my only authority for doing so results from the accidental fact, (as in the case of the steam engine,) of an opportunity having been offered to me of aiding in the construction of a bank, and noting the operation of things connected therewith.

I shall, for convenience' sake, and for greater perspicuity, conduct the inquiry under separate heads:

1st. The probable origin of paper money, and its natural transitions from its primitive aristocratic character to its present transitions, under democratic corporate formations;

2. The influence of *paper money*, or what may be called a Credit Currency, upon trade and intercourse with other nations, showing the probable effect of abandoning the system as a retaliatory measure, and the natural condition of a *hard-currency people* dealing with a *paper-currency people*; and,

3d. A common sense view of the whole matter, without resorting to statistical tables, and puzzling the brain by millions of figures, but leaving every man to see that 2 and 2 make 4, if added together, (though by an ingenious system of reasoning, the same figures may be so placed that many assert, and cause others to believe, that 2 and 2 make 22.)

First, then, as to the probable origin of paper money. I say *probable*, because it is difficult to date the exact period when, or the exact form in which, it originated. There was a period, no doubt, when there was no paper money; but money of some kind or other was adopted at a very early period of the world. An examination of a collection of ancient coins tells us there was a time when brass, copper, iron, (and other precious metals we now call *base*,) were used as money. At that period, gold and silver were almost too rare and precious to be used as a currency, or *measure of value*. In time, however, gold and silver became more plenty, and were adopted as coin; and iron,

brass, and copper became too plenty and abundant for that purpose. How long it may be before even gold and silver will become too abundant for *current measures of value*, and cease to be used and adopted as coin to that end, it may not here be necessary to calculate. Already silver has ceased to be a coin, or convenient measure of value in England, in consequence of its abundance; and no one can force a reception of it as a legal tender over £5 sterling, in payment of a debt, any more than he could iron, or brass, or copper, or block tin. No one can say, then, that the time will not come, when gold, for the same reason, may follow the footsteps of its "illustrious predecessor," silver, and join the great family of *baser* metals, and go by weight along with them.

This may not come in our day; but it is a matter that will at least teach us that there are, in this world, other property and other things, valuable, besides gold or silver, which metals of late seem to have figured before the brain of some of our citizens in high stations, as the only desideratum of life, and all-absorbing object of governmental action; and for the possession of which, all other interests of the country and the whole fabric of industry have been upset and tumbled into as much confusion as a Missouri buffalo bull, wild from his native prairies, would occasion among the spindles of a cotton factory.

There naturally must exist some "measure of value," be it what it may; and that which is most rare, but of convenient abundance for coin, and least liable to change or fluctuate, will be adopted in all civilized communities. For the present we require gold and silver as that measure of value. Congress directs what quantity of either in weight shall constitute a dollar of value, and no other coin shall be deemed *a legal tender* in payment of just debts between man and man. This is *a fundamental law* with us, and no power

can change it; neither Congress, or State Legislatures, or any other power in the country; and here I would call my reader's especial attention to this fact, (which I may hereafter recur to,) and from which he will see the marked distinction between us and such other nations with which some of our demagogues have presumed to compare us, and who ignorantly or wilfully have attempted to identify our paper currency with that of nations which assume the right of making their *paper money* the *measure of value*, and a *legal tender* between man and man. It is not so here, nor can it be; and so long as we stick to this great and fundamental principle, that nothing but gold or silver shall be a legal tender between man and man, (so long as these *precious* metals continue precious enough for the purpose,) what have we to fear from a *depreciated* paper currency of our own country? I assert, without fear of contradiction, we bear no comparison or analogy with or to such nations who assume the power of creating a paper currency, and say, "this is equal to so much gold or silver, and is equally a *legal tender* between man and man." No such power in government, state or general, exists here, and there can consequently be no depreciated paper currency here as understood in other paper money countries. We may have bank notes and individual notes, which we may take in exchange for other things, and we may measure them in their ability to be paid in gold and silver on demand, or through the process of law, and take our chance for final redemption, and, according to the delay, or trouble, or risk of obtaining payment, value them accordingly; but of this hereafter. We return to the probable or natural origin of paper money.

In any civilized country under the protection of laws securing the possession of property and enforcing the performance of contracts, there will naturally exist a proportionate degree of mutual confidence. Now, it is not possible to con-

ceive that the people of such a country would not as naturally resort to a paper representation of metallic money, as they would adopt any other method of facilitating or conveniencing their intercourse.

Suppose, for example, in this country up to this period, no such thing as trading or buying and selling between distant parts of the country had been conducted except with "*hard money*," how long would any one individual in New York enjoy exclusively to himself the advantage he certainly would possess over his neighbors, were he to conceive the plan of depositing his coin in the hands of some well-known person, and taking his *receipt*, promising to deliver up said coin on the presentation of said receipt, and sending or taking said receipt to New Orleans, or St. Louis, or Cincinnati, where he might require to make purchases of produce, and being quite sure he would meet at either of said places some trader like himself, who might desire to transport coin to New York to make purchases there of merchandize, would not such a receipt for coin deposited in a safe and reliable hand in New York be exactly what the New Orleans, St. Louis, or Cincinnati man would desire to possess? And would he not readily pay its amount in coin at either of these places instead of lugging said coin across a wide country, exposed as it would be to all the vicissitudes to which it would be liable? Two long journeys of coin are thus saved. And is not said receipt just so much more valuable than coin for all said purposes of trade and intercourse between distant and remote points, as the amount it saves of the expense and risk of transporting coin? And is it probable, therefore, that such a labor and risk saving system would long remain unused or unadopted by all engaged in the great and multifarious branches of trade and commerce?

This *receipt*, then, may be justly denominated the *first-born* of paper money. It is the offspring of that natural con-

fidence between man and man which will exist in all countries where laws exist to enforce contracts. No one will deny that such *receipts* for *coin* actually deposited in *safe and reliable hands* would be at least "as good as gold," and consequently "a sound currency." Equally certain is it that such *receipts* would scarcely be so regarded, and could not be used with confidence, if given by such of our fellow-citizens usually denominated "poor devils," having no reputation for virtue, integrity, or honor. Hence it is apparent, that whatever of *remuneration* might follow this system of holding coin and giving receipts for the same, would be enjoyed exclusively by such of our fellow-citizens who had established a good name, and especially such as were known, far and wide, to possess large means of their own; for in matters of confidence of this nature, men will first look to reputation, and next to *money ability*, and quite as often to the latter first, trusting to the laws for enforcing contracts as a sufficient guarantee against attempted fraud. At any rate, it is highly probable that he who had most of his own would get most of others in deposit; and though the poor might not be made poorer, surely "the rich would be made richer" by this system.

No one would hold coin if he could find a safe depository and take therefor *receipts*, which, possessing the confidence of all, would perform all the duties of coin, and especially as such receipts could be so formed as to secure the rightful owner against loss, accident, or theft; and so long as these receipts were issued on an actual deposit of coin, and for nothing else, they would be as good, if not better than *coin*. This may be called *primitive banking*, requiring no statistical calculation showing the effect of *contraction* and *expansion*. It is one and the same currency, and is that system of banking which perhaps a very few of known large means

of their own would have no objection to see restored, for obvious reasons.

The first natural transition from this primitive system probably was that some very well known banker, whose receipts were found to pass from hand to hand far and wide, leaving in his strong box a large amount of coin doing nothing, would create other *receipts* and loan them to his neighbors on *interest*, taking their "promise to pay" on demand, or at short periods; or, beginning more simply, he might venture to loan them a portion of the coin left with him on deposit, taking their "promise to pay" on demand as above, with interest. The very coin thus loaned would come back through other hands to him, and be represented by his receipts, and thus he would go on step by step till he had reached *a point*, beyond which, if he proceeded, he would exceed his ability of redeeming the receipts he had issued, with coin on demand. (Here it may be mentioned that by some it is asserted that the laws of trade will distinctly designate this point. No doubt of it. But this law of trade comes to tell its tale *after* the mischief is done, and panic and alarm brings unnecessary ruin to many, and banker and all are swept down by it. Far better would it be for this banker and his dealers if some indication, some reliable evidence of proximity to danger, should throw its beacon light and warn him that the breakers were near. To this matter we may have occasion to recur hereafter. Thus much, then, by way of parentheses.)

It is evident that this system of banking, so profitable to the banker and *convenient* to those who have coin to deposit, and to those especially who borrow on their industry, would lead to severe competition among those who desired to participate in the profit of banking. None of course could expect a share of this profit unless possessing wealth enough "*to damn him as an aristocrat;*" for, strange as it may appear,

from the days of primitive banking to its present extreme of transition, there never was known a real "up to the hub," or, in more modern parlance, "a whole hog" democrat, who would prefer in matters of banking to patronize a poor though honest democrat's "promise to pay," when he could put his fingers on a rich man's "promise to pay." What, then, was a democratic people to do? Were they to suffer a branch of business so important as this to rest in the hands of a very few, whose large means would naturally in time become larger, till perhaps we should have a Rothschild, a Hope, a Hottinger, or some other Jew or Gentile, to whom the trading world would look, and even the Government itself consult, before undertaking measures requiring money or means to carry out? To obviate this evil, so repugnant to democratic principles, copartnerships would be formed, thus bringing into one mass an accumulation of small means. But we all know the inconvenience of copartnerships, composed of many individuals, in the process of "*suing and being sued*." Especially, too, in the event of death, before an expiration of the time of copartnership, when "executors, administrators or assigns," must necessarily be introduced in the "record." In this state of things, and in a country like ours, where it is well that all have a little, and no man a great deal,—the admirable and truly democratic system of "*incorporation*" was adopted—a system which was not only "*E pluribus unum*," practically translated, but which, at one blow, scattered to the winds the whole fabric of *individual presumption*: a system admitting any number of individuals, male or female, the lame, the halt, and the blind, the infant or decrepid, to come in with small means, or large means, and participate in whatever of profit or advantage might be derived from any lawful pursuit which required large means to carry on, or accomplish—whether in Banking, in Canall-ling, in Railroading, in Bridging, in Turnpiking, in Steam-

boating, in Mining, in Gas Lighting, or in Manufacturing. With this peculiar advantage, also, over private enterprise, that in whatever pursuit in which the interest of the public at large may directly or indirectly be affected—can be controlled by that public, through the corporate form, in a manner, which could not be applied to the individual; for instance, in Banking, what law would square with the *Constitution*, (the great charter of our liberties,) which would authorize an examination of a private Banker's books and concerns, and announce to the public, that he was too far extended, and therefore dangerous to trust? What law could present to him that he might issue *receipts*, (which we may now call Bank notes,) only for coin deposited with him, or for a certain amount beyond the *actual coin*, and count the same in his strong box, and examine his other securities? What law could prevent him from issuing his "promise to pay," on a deposit of iron or lead, or any other metal or merchandize, or on assignments of bond and mortgages, or any other security, as well as for the purchase of land? What law could define the difference, and say, *this* is a bank note issued on a *deposit* reliable for its redemption, and therefore lawful—and *that* is a bank note or promise to pay, issued for other purposes, and on other securities, and therefore not lawful? This would be preposterous, and the attempt, if persisted in, would upset the fundamental principles of our Government. But under the *corporate system* all these safeguards can be adopted. No matter how severe the restriction, how minute or exact the examination, or how public and wide-spread the result of such an examination may be; it is in the compact and bargain between the public and the corporation, and the latter has no ground of complaint. The corporate power is granted for the advantage of its wide circle of stockholders, but the public retain the right of checking, as far as practicable, that advantage

from encroaching on public safety. If in the progress of experience, these checks and supervisions have not yet reached an entire prevention against injury or fraud, it is no reason why they should be abandoned. If a steam-engine explodes and scalds passengers, are we to say it is useless to continue any system of guarding against such accidents? is it not wiser to follow up the *precautions* which experience enlightens, and be assured as common sense must tell us, that without any precautions, or check, or supervisions, we should very soon be adrift, and exposed to more frequent explosions, as well in banks as in steamboats.

It has been the fashion of late in the modern schools of democracy to declare open and "uncompromising hostility" against "corporations," or, as they term them, "*corporate associations of wealth*." "Modern democrats" think they see danger to the democracy in these institutions, and the alarming cry is raised of "Free Trade, Free Trade in all things; No Monopoly!" What is the practical meaning of this doctrine? what the natural result,—should such sentiments triumph?

Can the demagogue "define the position" of things, should the corporate system be demolished? Will he look to the object and motive of its adoption, and answer an intelligent democracy? (He has, however, put the question, and been answered most effectually through the ballot-boxes, and, therefore, I do not deem it necessary to press the matter further here.)

The natural system of depositing coin, and using its representative, would suggest itself also with a view of avoiding a *depreciation of the coin itself*; a coin of gold or silver is intended to contain so much of these precious metals, as its stamp may indicate. Now let these coins go into active circulation, and perform the duties imposed on their *representatives* in paper, and, after a few years, let one thousand

dollars of various denominations, from a gold eagle to a six cent silver piece, be promiscuously taken and weighed, and it will be found that an actual loss by wear and tear has been sustained, which, if made applicable to a *bank bill*, would render it incapable of circulation; no bank bill could be sustained in circulating with such an actual depreciation. It would go back to its source long before, and be *liquidated*, and a *better* would take its place; and here we see some evidence of the assertion just hazarded, that a seriously depreciated paper currency *cannot exist in this country*; frauds may be practised, some "*rascally bank*," even one incorporated, may creep in, and defraud a community. But I put the question now to the mass of the trading community, and ask if the loss they individually have met by a depreciated paper money, comes to a tythe of a per-centage of the loss they may have experienced in other securities or traffic?

It is obvious that a paper currency claiming to represent coin, must cease to circulate, the moment it becomes depreciated or doubted to any inconvenient extent, so long as competition exist; and the security here against a permanent depreciated currency is found in the fact, that no power in Government, (State or General,) can create or authorize the creation of paper money as a legal tender, in payment of a debt between man and man, for, be it remembered, there is no other *legal tender* but gold or silver in these United States.

The Government of the United States, in cases of exigency, has issued paper money under the name of Treasury Notes; these have been depreciated far below their *promised* value, even in exchange for bank notes and individual notes. The reason of this was, first, no one could tell how far Government would be compelled to extend the issue; and, 2d, no one could sue the Government for their redemption, in gold or silver, as he could a bank or indi-

vidual. These Treasury Notes were but another form of borrowing money by the Government, being in fact "Government Bonds," in small amounts, "to suit dealers," payable when the Government was able to pay them, and not before: the theory being, that the Government is the people, and the people cannot sue themselves. But the Government retains the right to sue any of the people. The apparent hardship of this admitted rule would be not a little increased by the adoption of the modern doctrine, by which the Government assumed hostility against all and any species of paper currency, which the *people* desired to have, and which they could at any time compel a redemption of, in gold or silver,—and at the same time, the Government itself issuing a clumsy Treasury Note, which could not be so enforced, but might, at the will of the Government, remain unredeemed by gold or silver to suit its convenience. No wonder the framers of our Constitution, aware of this *tendency* in Government, denied, in toto, the right of Government to issue a paper money as currency, and confined it to the simple power of borrowing money if required,—feeling quite sure, if the right to issue a paper currency were granted to it, it would soon usurp and surcharge all the channels of circulation, with a currency which would practically subvert the great and fundamental security involved in the fact of gold or silver being alone a *legal tender*. And yet we see many in high places, and professing democracy, and strict observance of the letter of the Constitution, so scrupulously cautious as to the sacredness of that instrument, seeing in it no power or authority to adopt any law, having for its object the safe and sound control of a currency, redeemable in gold or silver, at any time when demanded, and at the same time voting for the issue of a *currency* which exempts the *issuer* from paying the same in gold or silver, unless perfectly convenient to him. The reasons assigned are, "the

banks have suspended ! the paper circulation of the banks is good for nothing !! It is useless for Congress to attempt an organization of a system which has so signally failed, and as for corporations, they are monopolies, anti-democratic, all humbug ; and therefore, we are compelled to ask gold from the people, and for convenient currency, we give the people "Treasury Notes" !!! And this doctrine is received by many as sound,—unconscious of the real fraud and deception, ingeniously cloaked by these pumpkin-headed and cunning depredators.

Let any honest and intelligent common sense man look back to our past history, he will see there were periods of many years following each other, when there were no suspensions, no material fluctuations—when he could take a bank note from the Branch of the United States Bank at Maine and find it "as good as gold" at any part of the country he chose to send it—the revenues of the country collected and disbursed without charge to the Government, and without the loss of a cent, all the sound State banks working in their orbits, and a sound currency performing its functions, and none but a sound currency holding its existence a moment. The mechanic, the manufacturer, the planter, or agriculturist, if he chose to be his own merchant, could sell the production of his industry to his fellow-citizens at the extreme and remote parts of the Union, and collect his pay at less cost than transporting the specie ; and if any thing rendered our motto, "*E pluribus unum*," a practical fact, it was the sound and reliable currency we had. What is our condition now as to this matter ?

It was the democratic party of its day, which deemed this system not only constitutional, but indispensable ; but it seems that our *modern democrats*, in and out of office, read the Constitution differently. They see no power *specifically* granted by the Constitution which would authorize Congress

to adopt any measure calculated to control a salutary regulation over a *paper currency*, and the people say, they must have a paper currency, of some form or other.—Now, let it be asked, where does Congress find the right specifically stated in the Constitution which authorizes a law prohibiting a citizen from sending the productions of his labor coastwise in a foreign vessel? Still this is positively prohibited by a law of Congress. None but the American flag can do this; and though a foreign vessel might offer to do it for nothing, she would be condemned for so doing. But Congress finds this right, in that clause of the Constitution which authorizes the passage of such laws as may be found necessary to regulate *foreign commerce* and *commerce between the States*. Then again, as to steamboats—(a power scarcely known when the Constitution was formed)—in what part of the Constitution does Congress find the right to prescribe certain rules and regulations as to the construction of the boiler and the management of the engine and boat? It can nowhere be found, save in that *common sense* construction which authorizes the adoption by law, of such regulations and salutary rules as may be required for *the public security*. The same right is exercised by Congress in prescribing heavy penalties against all vessels carrying more passengers than are allowed to a certain tonnage; and even the quantity of water and provisions is specified by the law. This is a *humane* construction of the Constitution; but *humanity*, though it fully approves the measure, cannot put its eye, with or without spectacles, upon that clause of the Constitution *specifically* granting to Congress this power!!

The framers of the Constitution have specified in that instrument what powers Congress shall exercise. Among these is the regulation of foreign commerce and commerce between the States. And after enumerating various specific powers, it adds, “and Congress shall have power to pass

all such laws as may be found necessary to carry the foregoing into effect." Congress has already enacted laws regarding foreign commerce and commerce between the States; but in matters of *banking*, some wiseacres have discovered that banking and *currency* have no influence whatever over foreign commerce or commerce between the States; and hence they say Congress has no right to control, or direct, or regulate it in any way or form. Will these politicians come to practical men in trade and tell them that a good and sound currency, one of equal value all over the country, has no favorable influence over trade and commerce between the States, and that, *vice versa*, a confused and dislocated currency is not obstructive and injurious to intercourse, and not at war with that great object of our Union, which was to be "*E pluribus unum*?" They must say this if they persist in asserting that Congress has no right or control over the currency. But suppose it can be *demonstrated* that in the present advanced state of the world, a state or nation, with an exclusive hard currency, dealing with other states and nations using a well organized paper or credit currency, the former has no more power to escape being beaten and outstript by the latter, than she would be, if denying to herself the use of steam power, and left the control of that mighty *labor-saving* invention to others, and contented herself with poles, sails, and cold water,—can nothing be found in the Constitution to authorize Congress to grant to the people some law and regulation to countervail and protect themselves? Can the Government of this people find no sanction in the Constitution to this end? Yet this *demonstration* just alluded to, can be furnished, and will appear under its proper head.

We conclude this part of our subject, then, after having shown as briefly as the limits of these pages will allow, the "probable origin of paper money—its natural transition from

primitive banking—its leading to competition—the exclusive advantages to the few rich, but for the adoption of the corporate system—the security to the public, controlled through corporate organizations, which could not be thus controlled without it—with a glance at what we once had, and what we now have; by which it will be seen how important it is for a people to watch and guard against, and check, early attempts of men in power, for we see in this matter of currency how an Administration step by step proceeds, giving *plausible* reasons for every step, till in a few brief years the whole condition of the country is changed from a sound and stable currency to one of disorder—the nation itself, with a full treasury and out of debt, now brought to empty iron safes, called sub-treasuries—industry prostrated—the nation in debt, and borrowing on treasury notes, from hand to mouth, of the very banks “the party” attempted to despise—with an increasing debt—the public revenue squandered, and partizan officers absconded, and perhaps the worst not known yet. Now, compare this state of things with that departed from, would the Administration which has brought upon us these evils been allowed to proceed, if the people could have foreseen this result? But this result was proclaimed from the house-tops in every form by those who had seen just such results before from similar causes. But “the glory” that surrounded the Chief was a passport to favor; he gave the signal and proclaimed that all these evil forebodings and prophecies were erroneous. “I am the Government,” said he; “I take the responsibility, and down with all and every attempt to oppose me.” *Modern democracy* for a time thought this sound doctrine, and threw up caps, and cheered the onward course to “*glory and reform*,” till the country got both to its heart’s content: quite enough, it is to be hoped, to last out the present generation. What has been the cost of “the experiment” we cannot exactly tell, till we see the end of it:

it was a great frolic, and, like all frolics, the piper is to be paid. But some will point to a period in the midst of the *experiment* when all was going on most swimmingly, and say, "all was well then—when was the country more prosperous and happy, prices higher, and money plentier than then?" Never, to-be-sure. And when will the wheels and hands of a watch, wound up, go faster than when you twitch out the balance wheel? But look at it when it has "run off its mortal coil," has it lost no cogs from its wheels?—Are all its springs sound—its pivots unaltered? And because the clumsy hand that set it spinning round at a merry pace to destruction cannot restore and adjust its balance and former accuracy, is he to be allowed to escape public disapprobation under the assertion, "that the machine is not trustworthy?"

2d. As to the influence of paper money, or what may be called a credit currency, upon trade and intercourse with other nations,—showing the probable effect of abandoning the system as a *retaliatory measure*, and the natural condition of a "hard currency people, dealing with a paper currency people."

It will be admitted, no doubt, that what is found to be the best mode of cultivating a hill of potatoes, will be found the safest mode to apply to a thousand hills or field of potatoes. And the safest and most savory mode of mixing and cooking one pudding, is equally applicable to a thousand puddings of the same materials. The remark is equally applicable to banking in one small community dealing with other small communities, as the banking of a large nation dealing with other large nations. The *principle* is identical. Now, for the purpose of better understanding this matter, let us resort to a simple illustration in a small way. Let us suppose, for example, that Boston was the only point in these United States where there was an organization of a good and relia-

ble bank, its capital large and abundant for all the purposes of controlling and securing confidence in all its "promises to pay." The interests involved in this bank would naturally enhance all such interests as were identified as part and parcel of the prosperity of Boston, and that branch of industry which was deemed of greatest importance would of course be most strongly represented in the direction of the affairs of this bank. Now, let us suppose that the *manufacturing interest* happened to be so regarded as the abiding and reliable basis of Boston's prosperity, this interest would consequently be strongly represented in the bank direction. We must also suppose that Boston is the leading market for the sale of raw materials required to be manufactured, and in fact, or measurably, the market where the producer would send or take his productions. Now, let us suppose that Charleston is a leading point, whence the shipment of this raw material is made to Boston, and that raw material *cotton*. It will be borne in mind that all such productions of the earth come periodically. Boston, as before stated, is at the head of the credit currency. No other State or community has attempted to compete with her: they possess no such organization. Now, it is admitted on all hands that it is this description of money or currency which alone admits of expansion or contraction, for every dollar of it in circulation which exceeds the amount of coin actually deposited is so much currency, or money added to the amount of coin, and is *money* just so far as it performs the functions of *money*. Can any one doubt, that when it suited the interest of the owners and directors of this *Boston Bank* that money should be scarce or plenty, that it would not expand or contract the amount of money at will?—or, in other words, when Boston manufacturers were purchasers of raw cotton, would it not be natural that this bank would contract the amount of money, and when Boston manufacturers had supplied themselves with

the raw material, and had manufactured goods to sell, then the money market would become more easy and money more abundant: prices of course measurably varying with the scarcity or plenty of money? What possible chance would any community have in trading with another possessing this formidable control over prices by periodical and timely changes of the money market? And would it not be the same in the case of an individual possessing this exclusive power in his intercourse with others? But what is the remedy? What course should the cotton growers adopt to avoid this baneful influence?—for, regularly as their cotton crop was ready for market, they found complaints general and wide that money was very scarce and prices flat,—and after the crop was sold, the “money market” became easy, and all prices advanced. Perhaps they would call public meetings and adopt resolutions, and send a copy of the same to Boston, denouncing banks and calling upon all good citizens far and wide to go for “hard currency exclusively,” and no “bank rags.” Boston, in turn, would respond to these resolutions, and assure the cotton growers that banks were great evils, and that no people, especially producers of raw materials and consumers of manufactured goods, should ever adopt any such organization, and that in fact Boston intended to get rid of hers as soon as she could bring her people to see their folly. They would even go so far as to induce some of their ingenious people to write books on political economy in general, and currency in particular, and by millions of figures show how much better a people are off without banks than with them; but yet the time never comes for the people of Boston to see the practical folly of having a bank and being at the head of the credit currency. The producers of raw cotton and consumers of manufactures grow annually poorer and poorer, and Boston and her manufacturers grow richer

and richer. What, then, is the true remedy for the cotton growers to adopt?

Before answering this question, let us transfer Boston to Great Britain, and let our cotton growers and consumers of manufactures remain where they are, in the United States, which being the actual condition of things as at present, we need the aid of no further apt illustration.

The Bank of England is now at the head of the credit power of the world. If money is scarce in England, its effect is felt elsewhere just as soon as steam power or other conveyance can tell the story at the remotest points where England's trade extends. Whether this scarcity or pressure proceeds from accidental causes or from interested motives, it matters not—the effect is the same. Money scarce in England makes money scarce every where, and *vice versa*. It can scarcely be expected that the Bank of England would ever admit in any form that she made money scarce for any other reason than for *general good*. That general good of course is *England's good*. John Bull is an honest, open-hearted fellow, with this self-satisfying conviction in his own mind, that if he is well off in the world, all the world must feel the benefit of it from him,—and therefore he feels perfectly authorized to take care of himself first, and then reflect his fullness elsewhere.

In the intercourse of nations it may be observed, that whatever systems are adopted by any one nation, their effects on other nations dealing with said nation are felt either *directly* or *indirectly*. For instance, if one nation should impose a tonnage duty on the vessels of other nations visiting her ports, it is pretty evident if other nations do not impose a like tonnage duty on her vessels, she will very shortly enjoy the exclusive carrying trade. This is so *direct* a proposition, and involves so little mystery, that even “free trade people” cease using their dogmas in opposition to a *retaliatory sys-*

tem. If one nation adopts any improvement in art for man's comfort, or in war for his destruction builds ships of war propelled by steam or sails, other nations would be untrue to themselves if regardless thereof. These are all palpable and direct matters, understood by all, and tell their own story too plainly to admit of sophistical or jesuitical reasoning. Next comes *imposition of duties* on the productions of labor,—and though a little more involved, still it would seem that a common sense view of the matter would counsel retaliation; that is, if one nation raised grain and cotton, and another nation also raised grain and not cotton, but manufactured said cotton into cloth. If the latter nation said, I will take your cotton and not your grain, and you must eat your own grain and consume the cloth I make for you, it is pretty evident (to say nothing of the influence of the money power on prices just alluded to) that the cotton and grain growing country would soon become as poor as colonists always have become under such a bargain. History tells not to the contrary, that unless the producers of raw materials of one nation are protected by as wise and shrewd laws as those which protect the manufacturing interests of other nations, the former must inevitably fall a prey to the latter. The producers ask for free trade or exchange of the productions of industry. But what kind of free trade is that which says, I will take of your productions just what I choose, and no more, but you must take of mine whatever I choose to send you? Unfortunately for us in the United States, this question of retaliation has met opposition among ourselves, in consequence of one portion of our country producing a raw material, which England, wanting, takes at a very low rate of duty, while she rejects by *prohibitory*, or partially receives under *excessive, duties*, nearly all the other productions of the United States, involving, therefore, a vexed question among ourselves, not easily adjusted, whilst certain politicians desire to keep it as

they desire to keep the Abolition question, like "*the raw*" described by Scott on the Irishman's horse, which was kept so, "for a trot up the avenue." Leaving this matter to the return of a better state of sound national and patriotic feeling, and to be adjusted in the spirit of honest compromise, let us recur to the question which is the one intended mainly to be considered—the *money power*. Here is a power which in the foregoing pages is attempted to be shown as capable of exercising a momentous influence; and whatever nation, community, or individual, possesses an exclusive control over that portion of it which has been described as the credit currency, must indisputably triumph over all other influences in trade, and eventually bring all else subject to it.

Who can deny that an individual possessing the exclusive power in a community over the currency—which he would possess, if the only banker or person capable of issuing a credit currency, contracting and expanding the same at will—would not, if he chose to use the power, bring all interests tributary to him, so far, at any rate, as increasing wealth could effect this object?

Would not this power in a community of people exercise the same control in its intercourse with other communities? And precisely so in the possession of a nation in its intercourse with other nations? There can be no difference—the principle is the same, and equally applicable in all cases. But to many minds it is an involved question, perhaps purposely rendered so to bewilder and mislead: its operation comes *indirectly*, and not *directly*, as in the case of the tonnage duty. The question recurs, what is the remedy to counteract its influence or render it harmless? Is it to disorganize a similar power we may possess?—to scatter our forces, and pass resolutions denouncing banks, and bank rags, and bank barons, and go for hard money? What answer returns to us from that nation which possesses a com-

plete organization of this credit currency power—is it not precisely such as has been already supposed to come from Boston to the cotton growers? The true remedy, then, must be to do as they do—to organize a similar power for ourselves, and be ready to counteract whatever of injurious influence may be attempted. Thus, if a sudden fluctuation downward in their money market occurred just as our cotton was ready for market, whether by design or accident, our institutions could come to the rescue, and save our planters from the *necessity* of seeing their crop change hands at ruinous rates. And, *vice versa*, should another fluctuation upward be attempted to further sales of their manufactured productions and expand prices, our institution would look to that also, and keep matters as straight as practicable. The game would be a just, if not a short one, where two can play at it.

We heard nothing of these extraordinary fluctuations when we had such an institution. Who among us inquired then, as we do now, with anxious minds, on the arrival of every packet from England, regarding the action or condition of the Bank of England, and look to the amount of specie in her vaults with as much interest as if it was our own bank, and measured our steps accordingly? They may have had their fluctuations, but they affected us not—it was the business of our institutions to watch them—but now scarcely an interest in the country is not affected more or less by the course pursuing and about to be pursued by the Bank of England. And can it be said, then, that this matter is not intimately interwoven with the foreign commerce of the country and commerce between the States—and being so, is it not the duty of Congress to look to it?

Thirdly, and lastly. What do the people ask of their Government touching this question?

They ask to be provided with such a state of things as

will enable any man,—be he a merchant, a manufacturer, an agriculturalist, or mechanic,—to collect from, or remit to any portion of the Union, in a sound and reliable currency, in the most economical manner possible,—a currency convertible at will at any point where presented. This is not asking an impossibility, it is but the restoration of a system the country had and prospered under for two periods of 20 years each, and during the absence of this system, confusion worse confounded ensued. Difficulties, however, present themselves in restoring such a system ; some still have constitutional scruples regarding the right of Congress to charter a bank, regarding it as an infringement, also, upon State rights ; others contend with more reason, that capital has now so far directed itself to the construction of railroads and other enterprizes of a similar nature, that to attempt to create another large bank with ample powers, would tend to draw from these laudable and patriotic enterprizes the capital now required to carry them to completion, leaving them unfinished and useless, and a dead loss of what has been done. This view of things is entitled to consideration : Congress, if true to the vital interests of the country, should pause and weigh well any measure that might by possibility molest or arrest the great work of internal improvement now going forward. In reality, we want no additional banking capital, we have abundant, perhaps more than is necessary ; all that Congress need do, in fact, is to adopt a simple measure which will lead to *an organization of so much* of the capital as will suffice to furnish a currency for national purposes, supplying that which the State institutions, as at present conditioned, cannot do. It is not even necessary that Congress should frame a charter to this end.

The fatal error that was committed after the removal of the deposits from the Bank of the United States, was in-

placing said deposits *in*, and causing the future receipts and disbursements of the public money to be made *through*, a number of banks, selected as agencies *by the Treasury Department*: banks having no unity of action with each other. This was as erroneous and as certain to lead to bad results, as in the event of the navy or war departments assigning twenty Commodores to one naval station, or as many Generals to the command of one military station. Each Commodore and each General moving on his own hook, and reporting alone to their respective departments.

Now, instead of such an arrangement, had Congress adopted a resolution in something of this form, a great mass of evil would have been prevented, and all would have gone on smoothly. For practically, it makes very little difference whether Congress, or any other body having the power to incorporate a bank, creates said bank, provided it is a bank, with competent capital and ability for the work assigned it;

“*Resolved*, That the Secretary of the Treasury be authorized and hereby directed to cause the public revenue to be paid into such bank, and its agencies, which bank shall give ample and satisfactory security for the *disbursement* of the same in gold or silver, or their equivalent, free of charge, at such times and places as the said Secretary of the Treasury may direct, provided said bank also furnish periodical statements, and agrees to admit of such examinations into its affairs, as often as said Secretary, under the direction of Congress, shall prescribe.”

Now, in this simple resolution are embraced all the functions that a charter from Congress could give; as also, all the security that a bank, chartered by Congress, could possibly control. No principal could ask more of its agent, and no agent could give more to his principal. The Treasury and Congress do not prescribe to said bank what kind



of money said bank shall receive ; but the bank is bound to *pay* whatever she has received, in gold or silver, or their equivalent, wherever or whenever demanded by the Treasury. Said bank will take care to select good and reliable agents in all parts of the country, wherever the Government may have money to deposit, or to disburse. Such an arrangement would be equivalent to a National Bank, for all purposes of equalizing exchanges at home, by bringing the collecting and disbursement of the public revenue in harmony with the current trade of the country, and not as now in its eccentric character, *crossing* and *re-crossing* the tracks of trade, and so far disturbing and harrassing the latter as to disable it from furnishing revenue.

If something of this form is not adopted, or an entire reorganization of a National Bank, we can never see that prosperity restored, which once saw all the interests of the country, in all the branches of productive industry, progressing side by side, slowly but surely. The East from the West, and the North from the South, will gradually become more and more distant, less and less familiar in intercourse—and our national motto, already quoted, be as applicable to the nations of Europe as to these United States.

We may boast of our hard currency, and lock it up in our iron boxes ; but what is its power compared to that of a people or nation having the control of the credit power, and the credit currency of the world ? The possession of gold, without this power, is like *cold water* in a steam-boiler ; but give to a nation or people the ability of “ firing up,” and converting at will this cold water into steam, and the control of the engine, with its cranks, and piston rods, and safety valves, and cut-offs—and what becomes of your gold—your cold water power.

The Author of these pages would be erroneously judged,

if classed among those who prefer paper to coin, banks to no banks, protected trade to free trade; but he is called on to discuss matters as they are, not as he could wish them. And he has no idea of going on foot, when all the world beside avail of railroads or steamboats; nor counselling such a course to others, because his reason tells him they would be left in the rear.

For himself, it matters little what fluctuations or revolutions come, he can hang his wheel in such a way as it will turn as well with a flood, as an ebb tide.

But he is not of those who may enjoy success in the sight of prostration and ruin around them. He would much prefer to see all interests, all branches of industry, prosper slowly, but surely; and take his humble share with his fellow-citizens, feeling perfectly sure, that in their abiding prosperity is involved inseparably the abiding prosperity of our common country.

ONE OF THE PEOPLE.



POSTSCRIPT,

TO THE

LETTER OF "ONE OF THE PEOPLE."

In stating the importance of keeping "*the receipts and disbursements of the public revenue in harmony with the current trade of the country*," the Author might at the time have given an illustration of his meaning, which he now purposes to do.

Let us suppose that *Mr. A.* is a large property owner—houses, farms, &c.—at various points of the Union; and all well *tenanted* by people engaged in all the multifarious branches of industry; and *Mr. A.* appoints *Mr. B.* his agent, to collect rents, and pay *Mr. A.*'s orders on him for money so collected. *Mr. B.* engages to pay all orders drawn by *Mr. A.* *in gold or silver, or their equivalent*, and gives *Mr. A.* ample security for doing so.

Mr. B. the agent, finds on entering into the business of his agency, that nearly all these tenants would be better able to pay their rents, if *Mr. B.* the agent, could manage to take notes and drafts, which they have been induced to take from their dealers in the course of their trade, because they raise produce, or manufacture articles, which they sell to persons near, or persons distant. *Mr. B.* the agent, sees

that he can facilitate matters by making an arrangement to take these notes and drafts, and collecting them ~~from~~^{from} these *tenants*, and so he organizes agencies all over the country to effect this object, and which he can do cheaper than the tenants can, for that is not so much their trade. Now the cost of collecting and discounting these notes and drafts, and *transmuting* them into current money, is a matter between these tenants and Mr. B. the agent. It is pretty clear if Mr. B. does not do it as cheap as they can do it, or others for them, he would not get their custom. Mr. B. can thus go on, and knowing ^{where} his principal, Mr. A. will want his money, he can so arrange matters as to accommodate all round; and so long as he pays the money he collects to the entire satisfaction of the persons who have claims on Mr. A., Mr. A. has no cause of complaint, and all goes on smoothly; and thus, "*the receipts and disbursements of Mr. A., through his agent Mr. B.,*" are kept in harmony with the trade of the *tenants*.

—Now suppose Mr. A. concludes to try an experiment, and issues a *specie circular*, and tells his agent, Mr. B. to receive nothing but gold or silver, or turns him out of office, breaks up his arrangement for *transmuting* exchanges, and declares that the *tenants* must pay rent only in *gold or silver*.

Well, they try it, but it goes hard with them. Some, to get gold and silver, have to make large sacrifices—others cannot afford to do it—they try their best, but they cannot do it—they have *property*, but it is not *gold or silver yet*, and the process of getting these metals is a new trade to them, and before they can learn it, they must either change lodgings, or suspend payment of rent. This is "*Sub-Treasury*;" its result is, Mr. A. gets no rent—his revenue is short—his tenants are knocked up,—he is knocked up,—all are knocked

up,—A., B., and the rest of the alphabet,—in consequence of the experiment.

Is it strange that the whole tenantry should desire a change of such an experiment? or that a change should follow the first chance at the ballot-boxes?

“ONE OF THE PEOPLE.”

